Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2015

pwc

June 24, 2015

Independent Auditor's Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the accompanying financial statements of **Maritime Provinces Higher Education Commission**, which comprise the balance sheet as at March 31, 2015 and the statements of committed funds, revenue and expenditures – grants, revenue and expenditures – administration and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP
Summit Place, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 902 491 7400, F: +1 902 422 1166

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2015

	2015 $	2014 $ (note 3)
Assets		
Cash	7,962,835	13,262,055
Prepaid expenses	–	22,361
Amounts due from		
Government of Canada	728,000	745,000
New Brunswick	28,394,397	32,718,805
Newfoundland and Labrador	216,000	216,000
Nova Scotia	382,340	476,293
Prince Edward Island	4,941	–
Amount due from the Council of Atlantic Premiers	53,193	–
Other receivables (note 4)	55,591	45,053
	37,797,297	47,485,567
Liabilities		
Accounts payable and accrued liabilities (note 5)	60,942	126,188
Amount due to the Council of Atlantic Premiers	103	1,273
Amounts payable to institutions		
Operating grants	21,003,770	21,090,010
Capital grants	13,298	94,343
Other	728,000	745,000
Deferred revenue	143,059	124,006
	21,949,172	22,180,820
Committed Funds		
Operating grants	15,664,405	25,022,310
Capital grants	183,720	282,437
	15,848,125	25,304,747
	37,797,297	47,485,567

Commitments (note 6)

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2015

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2015 Total $	2014 Total $
Operating grants						
Balance – Beginning of year	15,792,574	560,426	8,666,769	2,541	25,022,310	25,046,754
Excess of revenue over expenditures (expenditures over revenue) for the year	(3,525,622)	195	(5,785,948)	–	(9,311,375)	65,556
Transfer from capital	43,470	–	–	–	43,470	–
Transfer to administration	(90,000)	–	–	–	(90,000)	(90,000)
Balance – End of year	12,220,422	560,621	2,880,821	2,541	15,664,405	25,022,310
Capital grants						
Balance – Beginning of year	266,087	–	16,350	–	282,437	731,010
Excess of expenditures over revenues for the year	(55,247)	–	–	–	(55,247)	(448,573)
Transfer to operating	(43,470)	–	–	–	(43,470)	–
Balance – End of year	167,370	–	16,350	–	183,720	282,437
Committed funds – End of year	12,387,792	560,621	2,897,171	2,541	15,848,125	25,304,747

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2015

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $ (note 3)	2015 $	2014 $ (note 3)
Operating grants										
Revenue										
Grants										
Unrestricted	264,623,469	261,849,076	308,535	476,293	49,668,568	56,037,897	–	–	314,600,572	318,363,266
Restricted	9,555,097	9,555,097	–	–	11,533,200	13,056,100	–	–	21,088,297	22,611,197
Other	–	–	–	–	–	–	1,746,774	1,761,000	1,746,774	1,761,000
	274,178,566	271,404,173	308,535	476,293	61,201,768	69,093,997	1,746,774	1,761,000	337,435,643	342,735,463
Expenditures										
Grants										
Unrestricted (Schedule A)	268,667,751	262,999,636	308,340	430,868	54,157,678	54,493,476	–	–	323,133,769	317,923,980
Restricted (Schedule B)	9,036,437	10,662,972	–	–	12,830,038	12,321,955	–	–	21,866,475	22,984,927
Other activities (note 7)	–	–	–	–	–	–	1,746,774	1,761,000	1,746,774	1,761,000
	277,704,188	273,662,608	308,340	430,868	66,987,716	66,815,431	1,746,774	1,761,000	346,747,018	342,669,907
Excess of revenue over expenditures (expenditures over revenue) for the year	(3,525,622)	(2,258,435)	195	45,425	(5,785,948)	2,278,566	–	–	(9,311,375)	65,556
Capital grants										
Revenue	2,000,000	2,000,000	–	–	–	–	–	–	2,000,000	2,000,000
Expenditures (Schedule C)	2,055,247	2,448,573	–	–	–	–	–	–	2,055,247	2,448,573
Excess of expenditures over revenue for the year	(55,247)	(448,573)	–	–	–	–	–	–	(55,247)	(448,573)

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2015

	2015 $	2014 $
Revenue		
Contributions		
New Brunswick	553,901	556,381
Nova Scotia	681,003	684,052
Prince Edward Island	103,020	103,481
Transfers from operating reserves		
New Brunswick	90,000	90,000
Project revenue	189,651	218,980
	1,617,575	1,652,894
Expenditures		
Salaries and benefits	1,191,140	1,110,120
Office rent	105,885	101,420
Professional services	86,583	182,027
Other services	34,907	39,803
Travel		
Board members	18,635	11,490
Other travel	16,540	22,367
Per diem allowance	7,125	6,750
Office supplies, books and subscriptions	8,949	17,559
Publications	8,113	6,527
Office furniture and equipment	29,806	35,507
Special projects, committees and other (note 8)	163,085	118,124
	1,670,768	1,651,694
Excess of revenue over expenditures (expenditures over revenue) for the year (note 9)	(53,193)	1,200

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Cash Flows

For the year ended March 31, 2015

	2015 $	2014 $
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenue for the year - Grants	(9,366,622)	(383,017)
Transfer to administration	(90,000)	(90,000)
Net change in non-cash working capital balances related to operations		
Decrease in prepaid expenses	22,361	22,360
Decrease (increase) in amounts due from		
Government of Canada	17,000	53,671
New Brunswick	4,324,408	6,720,913
Newfoundland and Labrador	–	26,000
Nova Scotia	93,953	(476,293)
Prince Edward Island	(4,941)	800,000
Decrease (increase) in other receivables	(10,538)	34,127
Increase in amounts due to the Council of Atlantic Premiers	(54,363)	(1,750)
Decrease in accounts payable and accrued liabilities	(65,246)	(66,926)
Increase (decrease) in amounts payable to institutions		
Operating grants	(86,240)	(3,720,613)
Capital grants	(81,045)	94,343
Other	(17,000)	(53,671)
Increase in deferred revenue	19,053	38,902
Net change in cash during the year	(5,299,220)	2,998,046
Cash - Beginning of year	13,262,055	10,264,009
Cash - End of year	7,962,835	13,262,055

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2015

1 Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Maritime Provinces Higher Education Commission (the "Commission" or "MPHEC"). Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

2 Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board.

Management estimates

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $81,380 (2014 - $82,212).

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $335,091 (2014 - $280,778).

Financial instruments

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

3 Comparative information

During the year management determined that the Commission had incorrectly reported the contributions to institutions under the Canada/New Brunswick Official Languages in Education Agreement since and including the year ended March 31, 2012. Since 2012 this funding was made directly to the qualified institutions whereas the financial statements reflect the amounts as being administered by the Commission. The following amounts have been adjusted in the comparative balances:

Balance sheet

Amounts due from – Government of Canada and Amounts payable to institutions both have been decreased by $6,647,008,

Statement of revenue and expenditures –Grants

Operating grant revenue - Other and Operating grant expenditures – Other both decreased by $5,546,673.

4 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of $30,471 (2014 - $23,402).

5 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of $427 (2014 - $1,164).

6 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities and office equipment are as follows:

	$
Year ending March 31, 2016	24,758

7 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2015 $	2014 $
Government of Canada – Contribution program to improve access to health services for official languages minority communities	730,774	745,000
Province of Prince Edward Island – Medicine	800,000	800,000
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	216,000
	1,746,774	1,761,000

8 Special projects, committees and other

	2015 $	2014 $
Graduate follow-up surveys	128,715	84,830
MPHEC conference/workshop/collaboration	10,857	3,682
Committees and other	23,513	29,612
	163,085	118,124

9 Revenue and expenditures – Administration

The unallocated excess of revenue over expenditures (expenditures over revenue) for the year for Administration is considered to be part of the Consolidated Fund and accordingly is included in the amount to (from) the Council of Atlantic Premiers.

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2015 **Schedule A**

	2015 $	2014 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,069,736	2,029,153
Mount Allison University	20,334,159	19,639,247
St. Thomas University	12,180,167	11,842,090
Université de Moncton	71,929,394	69,936,542
University of New Brunswick	118,693,204	116,049,613
University of Prince Edward Island – Atlantic Veterinary College	5,072,297	5,242,704
	230,278,957	224,739,349
Interprovincial transfers		
Université de Sherbrooke	1,694,427	1,625,343
Province of Newfoundland and Labrador	2,482,000	2,360,000
Province of Nova Scotia	4,266,300	5,460,900
Province of Ontario	27,054	41,925
Dalhousie University	8,260,343	8,247,645
Province of Québec	7,049,666	6,322,804
	23,779,790	24,058,617
Grants in lieu of Municipal Real Property Taxes	14,484,972	14,061,173
Other	124,032	140,497
	268,667,751	262,999,636
Nova Scotia		
Interprovincial transfers		
Province of Québec	308,340	357,063
Go Survey	–	73,805
	308,340	430,868
Prince Edward Island		
Institutions		
Holland College	17,402,400	17,385,600
University of Prince Edward Island	30,269,600	30,269,602
	47,672,000	47,655,202
Interprovincial transfers		
Province of Nova Scotia	6,246,691	6,607,490
Province of Ontario	13,527	13,642
Province of Québec	35,376	37,560
	6,295,594	6,658,692
Other	190,084	179,582
	54,157,678	54,493,476
	323,133,769	317,923,980

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2015 **Schedule B**

	2015 $	2014 $
New Brunswick		
Maritime College of Forest Technology	108,115	40,516
Mount Allison University	974,990	974,990
St. Thomas University	303,942	232,797
Université de Moncton	2,758,690	4,079,633
University of New Brunswick	4,275,186	4,552,262
Joint Project – Computer Network	615,514	782,774
	9,036,437	10,662,972
Prince Edward Island		
Holland College	5,565,086	5,513,052
University of Prince Edward Island	7,185,558	6,691,771
Joint Project – Computer Network	79,394	117,132
	12,830,038	12,321,955
	21,866,475	22,984,927

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2015 **Schedule C**

	2015 $	2014 $
New Brunswick		
Mount Allison University	193,395	193,526
St. Thomas University	132,983	131,000
Université de Moncton	668,891	1,075,436
University of New Brunswick	1,059,978	1,048,611
	2,055,247	2,448,573